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C O N F I D E N T I A L SECTION 01 OF 02 TEL AVIV 000453

SIPDIS

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STATE FOR PM FRONT OFFICE (RUGGIERO) AND NEA/IPA (MAHER)  
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TAGS: [PREL MASS KPKO EG IS GOI EXTERNAL MILITARY RELATIONS](#)

SUBJECT: MFO DG LAROCCO LAYS OUT NEXT STEPS ON HELO  
TRANSITION, MFO RECONFIGURATION

Classified By: Ambassador Richard H. Jones. Reasons: 1.4 (b, d).

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SUMMARY  
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1. (C) In a January 30 meeting with Ambassador Jones, Multinational Force and Observers (MFO) Director General James Larocco reviewed next steps for concluding the MFO's transition to Blackhawk helicopters, noting U.S. success in obtaining Israel's agreement, in principle, to pay its USD 2 million portion of the transition. Larocco said he now plans to canvas EU member states and Norway for contributions to the MFO. Larocco said that authority for the MFO would be transferred from FORCECOM to CENTCOM in June 2006, and indicated his belief that this will help the MFO in making necessary force protection improvements. He said that the MFO has no position on a U.S. proposal to reconfigure the American uniformed presence in the field, but stressed that Israel would oppose any change that would appear to reduce America's commitment to the MFO and its mission. END SUMMARY.

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LAROCCO REVIEWS NEXT STEPS ON HELO TRANSITION  
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2. (C) Larocco thanked the Ambassador and DAS Dibble for helping to get the Israelis to agree to the MFO's successful transition to Blackhawk helicopters. He characterized A/S Hillen's intervention with Israeli MOD DG Jacob Toren during the January 11-12 JPMG as crucial to getting the Israelis to commit, in principle, to paying their portion of the helo transition. He noted that the U.S. Administration had agreed to fund part of the transition in its 2006 draft budget, and asked the Ambassador to highlight this to the Israelis when the Administration's budget is released on February 14. Now that Israel has agreed, in principle, to pay its portion of the helo transition, Larocco said he should be able to get the same commitment from the Egyptians when he returns to the region in April. Larocco explained that the next step after that is for the GOI and GOE to formally commit, after securing agreement from their respective foreign affairs and finance ministries, by signing the funding agreement. Larocco said he would then go back to the USG to get the U.S. contribution and finish the deal. Larocco said that even though the Israeli MOD has submitted an austerity budget to the Israeli government, it has "fenced off funds" for the MFO helo transition. He said he hopes the new Israeli government will approve the budget quickly after the March elections.

3. (C) On the MFO budget, Larocco said:

(a) the MFO's budget for 2006 was the same as the one for 2005, except for the increase of USD 4 million in each year for 2006-7 in connection with the helo transition.

(b) The MFO will owe this USD 8 million to the U.S. Army. If Larocco succeeds in his current mission, he will collect USD 6 million from the U.S., Israel and Egypt. This leaves the MFO owing USD 2 million to the U.S. Army in 2008.

(c) The MFO will pay the USD 2 million "when it is able."  
Larocco said that he had run this plan by the U.S. Army.

(d) The MFO will now survey EU capitals and Norway to see whether any would be willing to make a one-time or annual contribution to the MFO to cover the outstanding USD 2 million and any future financial burdens the MFO undertakes. (Larocco said such donations historically constitute only three percent of the MFO's budget.)

(e) After 2008, the MFO's budget should return to its previous level of USD 19 million per year, per Larocco's plans. Larocco said his goal has been to "straight-line" the MFO's budget at 19 million annually. Despite increases in some areas (fuel) this was made possible by tight controls on spending.

4. (C) Larocco said that he would meet with MOD DG Toren on

February 2 and ask him to urge the GOI to encourage EU countries and Norway to contribute to the MFO. To fend off any possible objection by the Israeli MFA, Larocco said he will make it clear that the MFO only wants funding from the EU -- not personnel or advice. He said he hopes to get a commitment of 5 million Euros annually from the EU, and that when he returns to Rome, he will ask the Italians to help with the EU.

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... NOTES CENTCOM TO TAKE OVER RESPONSIBILITY FOR MFO  
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15. (C) Larocco said the next priority for the MFO is improving its force protection in light of the four terrorist attacks that occurred in the Sinai in 2005 (including an August IED attack against an MFO vehicle). He predicted that this would be easier for the MFO as (a) it had received additional funds from the USG to boost security; and (b) CENTCOM would be assuming "full command authority" for the MFO starting in June 2006. Larocco clarified that the MFO has no formal position on this change, although he personally welcomed it. He said the Egyptians have some concerns that CENTCOM's assumption of control of the MFO might be used as a pretext for moving CENTCOM assets into the Sinai in some future crisis. Larocco promised to provide the Ambassador with talking points that he plans to use with the Israelis and Egyptians on the issue. He said he will meet with Israeli Defense Intelligence Deputy Director BGEN Kupperwasser to discuss both force protection requirements and any impact that the results of the January 25 Palestinian Legislative Council elections might have on the MFO's ability to carry out its mission. Larocco will raise the same issue with Egyptian Intelligence Chief Omar Suleiman on February 5.

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...STRESSES ISRAELIS CONCERNED ABOUT MFO RECONFIGURATION  
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16. (C) Larocco noted his awareness of the details of a U.S. proposal to reconfigure the American presence in the MFO -- with a reduction in troops and greater reliance on sensors -- but clarified that MFO has no position on the issue. He stressed, however, that Israel would never agree to the removal of the U.S. battalion and its replacement by sensors. Michael Sternberg, Larocco's representative in Israel, strongly backed this assessment, saying that Israel sees America's commitment to the MFO as critical, especially in the wake of terrorist attacks in the Sinai.

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